

# Workers' Compensation Information System (WCIS) Advisory Meeting DWC Legal and Research Units



Oakland, California - June 27, 2011

# Regulatory Update

George Parisotto  
DWC Legal Counsel

# Regulatory Update

- ❑ Amendments to California Code of Regulations, title 8, sections 9701 & 9702
- ❑ California EDI Implementation Guide for First and Subsequent Reports of Injury, Version 3.0
- ❑ California EDI Implementation Guide for Medical Bill Payment Records, Version 1.1
- ❑ E-billing rulemaking currently in progress
- ❑ Planned in 2011: Employers' First Report (AB 2181)



# WCIS Data Reporting - Administrative Penalties: SB 826 (Leno), as of 5-3-11

This bill would:

- require the AD to assess an administrative penalty against a claims administrator for a violation of data reporting requirements.
- require the AD to promulgate a schedule of penalties-providing for an assessment of no more than \$5,000 against a claims administrator in any single year, calculated by violation type and excluding threshold rates of violations, as prescribed.
- provide that any penalty is to be deposited in the Workers' Compensation Administration Revolving Fund.
- require the AD to publish an annual report disclosing the compliance rates of claims administrators and would authorize the AD to publish the identity of claims administrators for this purpose.



# WCIS and Annual Report of Inventory (ARI) – Regulation 9702

- On and after September 22, 2006, a claim administrator's obligation to submit an ARI...is satisfied upon determination by the Administrative Director that the claims administrator has demonstrated the capability to submit complete, valid, and accurate data as required under subdivisions (b), (d), (e), and (g) and continued compliance with those subsections.

# ARI Regulations

## §10104 Annual Report of Inventory

- (d)(1) A claims administrator's obligation to submit an Annual Report of Inventory under subdivision (a) of this section is waived upon a determination by the Administrative Director that the claims administrator is in compliance with the electronic data reporting requirements of the Workers' Compensation Information System, as set forth in California Code of Regulations, title 8, section 9702.



# ARI Regulations

## §10104 Annual Report of Inventory

- (d)(2) Each claims administrator whose obligation to submit an Annual Report of Inventory is satisfied under subdivision (c)(1) of this section shall maintain and file with the Administrative Director an Annual Report of Adjusting Locations.



# Can WCIS information trigger an audit?

- ❑ WCIS information can be used to select subjects for an audit.
- ❑ Title 8 CCR section 10106.1 c (4)
- ❑ DWC relies on voluntary compliance for WCIS reporting.

# AB 2181

## Employers' First Report, Form 5020

- AB 2181, which was signed into law by the Governor on September 30, 2008, amends Labor Code sections 6409.1 and 6410 by authorizing the Division of Workers' Compensation (DWC) to create a new employer's first report of occupational injury or illness. The new employer's report, which will replace the current Form 5020 administered by the Division of Labor Statistics and Research (DLSR), will be submitted to DWC by insurers and self-insured employers via the Workers' Compensation Information System (WCIS).



# AB 2181

## Employers' First Report, Form 5020

- The changes to the Labor Code made by AB 2181 will become effective on the same day that the DWC regulations implementing the bill become effective. (A transition period of up to 18 months for employers to comply with the law is required to be part of the regulations.)



# AB 2181

## Employers' First Report, Form 5020

- DWC is currently drafting the new employer's report and will begin the regulatory process, which includes the opportunity for public comment, within the next several months. Please check DWC's website on a regular basis for updates and information. If you are subscribed to DWC newsline, you will be automatically notified.
- ([http://www.dir.ca.gov/dwc/dwc\\_home\\_page.htm](http://www.dir.ca.gov/dwc/dwc_home_page.htm))

# WCIS - FROI SROI

Martha Jones  
DWC Research Manager

# Goals for the Workers' Compensation Information System (WCIS)

- ❑ Help DWC Manage WC system
- ❑ Facilitate Evaluation of Benefits Delivery
- ❑ Assist in Measuring Benefit Adequacy
- ❑ Provide Statistical Data for Research

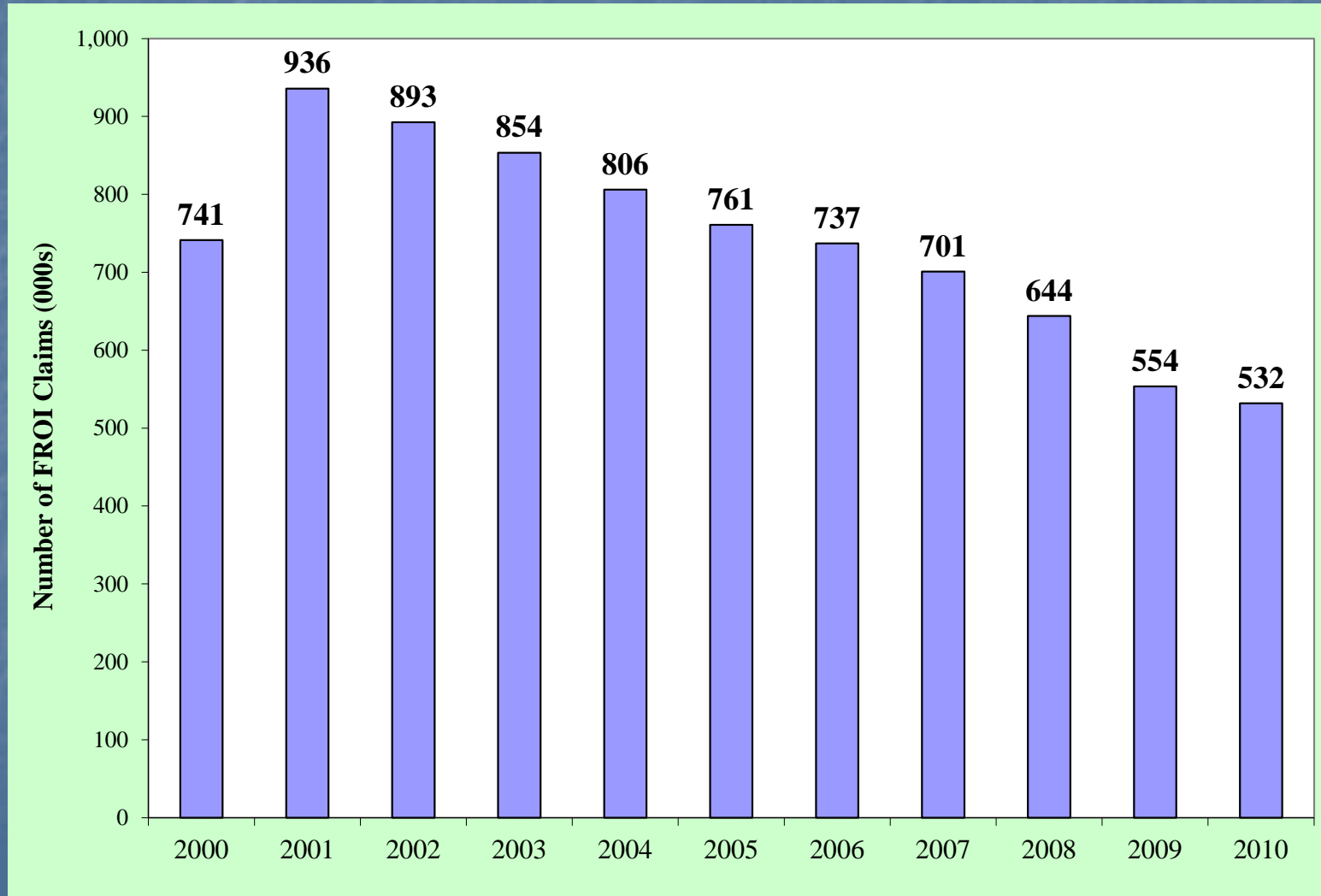


# Components of WCIS

- ❑ First Reports of Injury—FROI
- ❑ Subsequent Reports of Injury—SROI
- ❑ Medical/Bill Payment Reports

# Number of Claims Reported to WCIS, 2000-2010

Total Claims = 8,392,943 as of June 2011



# WCIS Data Collection – Subsequent Reports of Injury (SROI)

1/2011

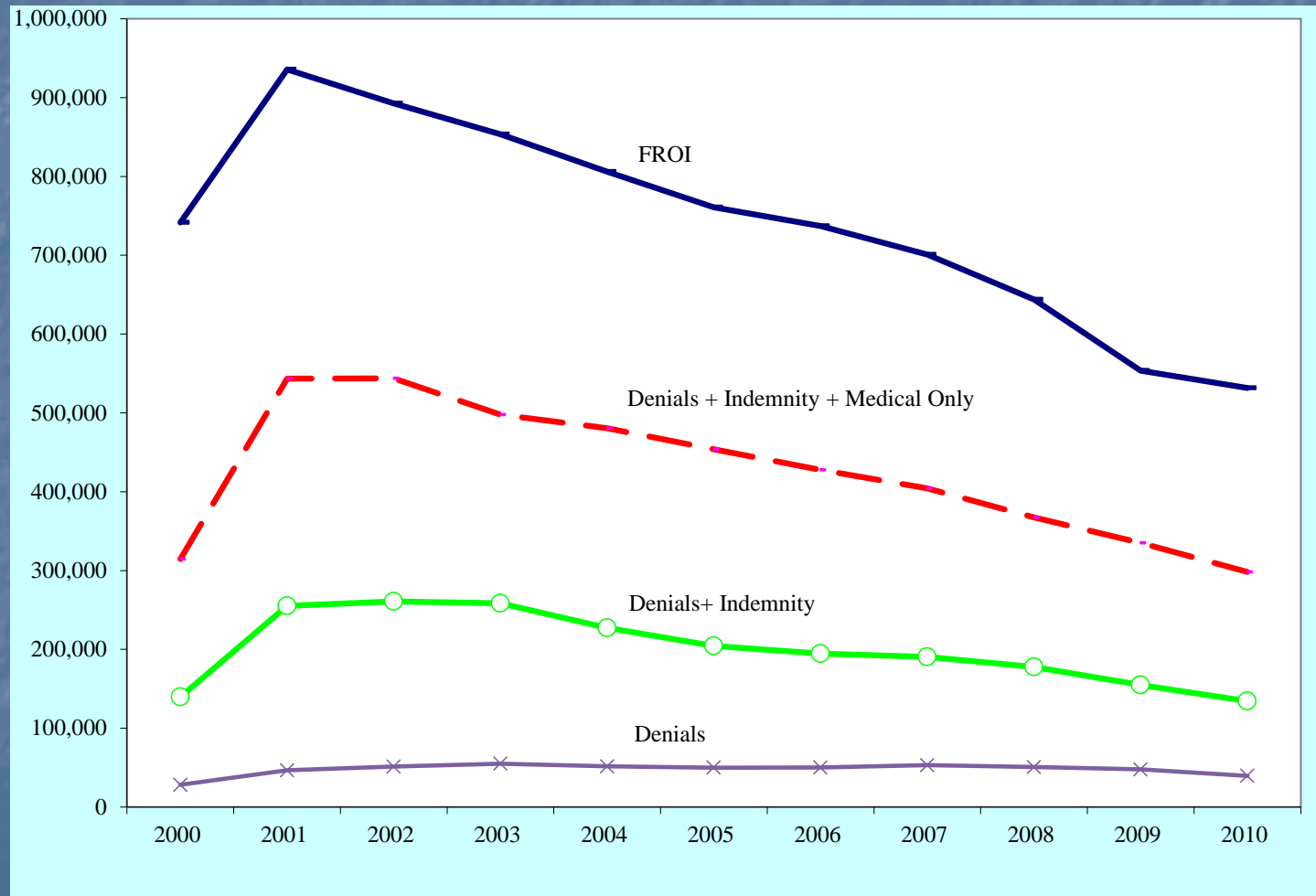
- Trading Partners Submitting SROI Data 126
- Trading Partners Submitting FROI Data 177

6/2011

- Total Number of FROI Reports 8.4 m
- Total Number of SROI Reports 4.2 m
  - Indemnity 1.7 m
  - Medical Only 2.5 m



# SROI Reporting is not complete



# WCIS Reports (FROI SROI) available online

- ❑ <http://www.dir.ca.gov/dwc/WCIS.htm>
- ❑ WCIS Reports:  
[http://www.dir.ca.gov/dwc/wcis/WCIS\\_Reports.html](http://www.dir.ca.gov/dwc/wcis/WCIS_Reports.html)
- ❑ Feedback to data senders and claims administrators:
  - ❑ Table 8, Data Quality Reports
  - ❑ Table 15, Timeliness of Payments (TD) \*new
  - ❑ Table 16, Timeliness of FROI Reporting \*new

# WCIS Reports: Timeliness of FROI Reporting – Table 16

http://www.dir.ca.gov/dwc/wcis/WCIS\_tables/Table%2016\_WCIS.pdf - Windows Internet Explorer

http://www.dir.ca.gov/dwc/wcis/WCIS\_tables/Table%2016\_WCIS.pdf

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http://www.dir.ca.gov/dwc/wcis/WCIS\_tables/Table...

Table 16. Occupational Injuries and Illnesses: Statewide Timeliness of FROI Reporting  
for Claims with Date Reported to the Claim Administrator in 2008, 2009 and 2010  
Time Elapsed between the Date FROI was Reported to Claim Administrator (DN41) and Date of Transmission (DN100) to WCIS  
Includes Denials (MTC = 04); Excludes Acquired Claims (MTC = AU,AP)

Report Year	Total Claims (a)	Total Valid FROI (b)	Median Days (c)	Average Days (d)	0-11 Days (e)	12-18 Days (f)	19-28 Days (g)	Over 28 Days (h)	% of FROI Reported			
									0-11 Days (i)	12-18 Days (j)	19-28 Days (k)	Over 28 Days (l)
2008	644,625	644,517	5	27	466,164	39,112	34,890	104,351	72.3	6.1	5.4	16.2
2009	566,009	562,020	5	21	414,492	49,887	37,764	59,877	73.8	8.9	6.7	10.7
2010	551,991	551,560	5	13	410,533	47,942	33,712	59,373	74.4	8.7	6.1	10.8

Note: Totals and percentages may not always add up to to rounding.

1) Total claims (Column a) are all FROI claims with reported DN41 (i.e. date claim is reported to the claim administrator), including denials and excluding acquired claims.  
2) Total valid FROI claims (Column b) are counts of claims with valid values in both date reported to the claim administrator (DN41) and date of transmission (DN100) to WCIS.  
3) Date of transmission is defined as the earliest date that a claim is reported to WCIS.  
4) Claims without DN41 reported are excluded from this analysis.

Data source: WCIS Database as of 15 May 2011

California Division of Workers' Compensation  
Workers' Compensation Information System (WCIS)

May 20, 2011

Done Unknown Zone



# Data Quality: Matching Problems

- ❑ Sender ID – Claim Administrator/TP ID List (no match, 039 error => TR)
  - ❑ Primary match: FEIN
- ❑ FROI – SROI (no match, 053 error => TR)
  - ❑ Primary match: JCN
- ❑ Medical bills – FROI (no match, 039=>TE)
  - ❑ Primary match: JCN
  - ❑ Secondary match: Claim Administrator Claim Number + Insurer FEIN + Date of Injury + Employee Last Name

# Data Quality: FEINs

- ❑ Some claims administrators are reporting their own FEIN as the insurer FEIN and the employer FEIN (instead of the true employer FEIN)
- ❑ Blank FEINs, invalid FEINs (123456789)
- ❑ FEINs with transposed digits

# Claim Administrator Claim Number Variations on the Theme

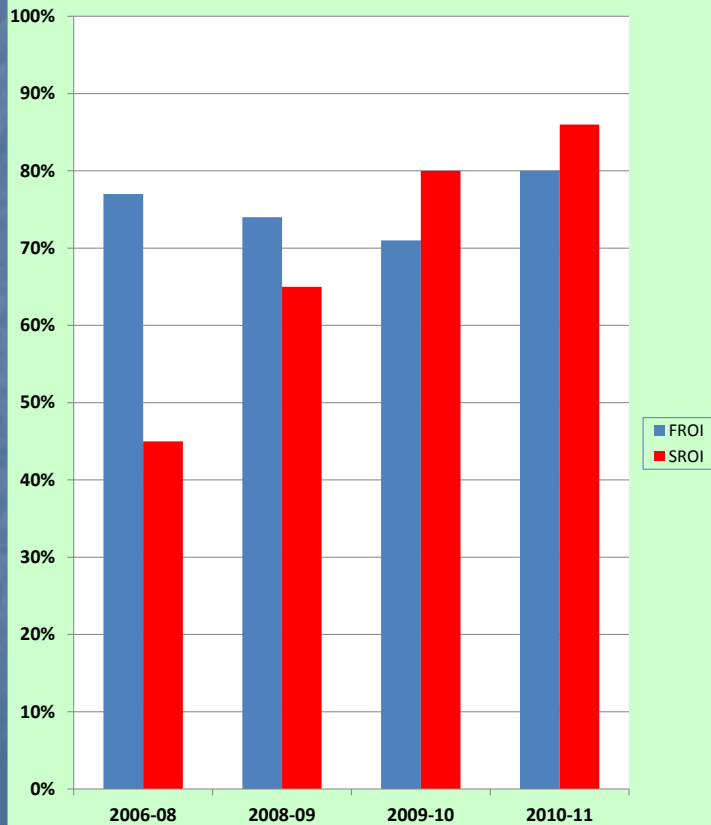
Medical	FROI SROI	
440608903 <u>0000</u>	440608903	Trailing zeros
111 <u>C</u> 202777	111202777	C in 4 <sup>th</sup> position
081889990	<u>20</u> 08189990	20 added at start
<u>Q</u> G199993	<u>N</u> G199993	1 <sup>st</sup> character differs
2222222	2222222 <u>STAN</u>	STAN added
<u>00</u> 5320050999999	05320050999999	Leading zeros
0051070088888	<u>777</u> 0051070088888	Leading 777
222A9M3399 <u>N</u>	222 <u>CMA</u> 9M3399	Added characters



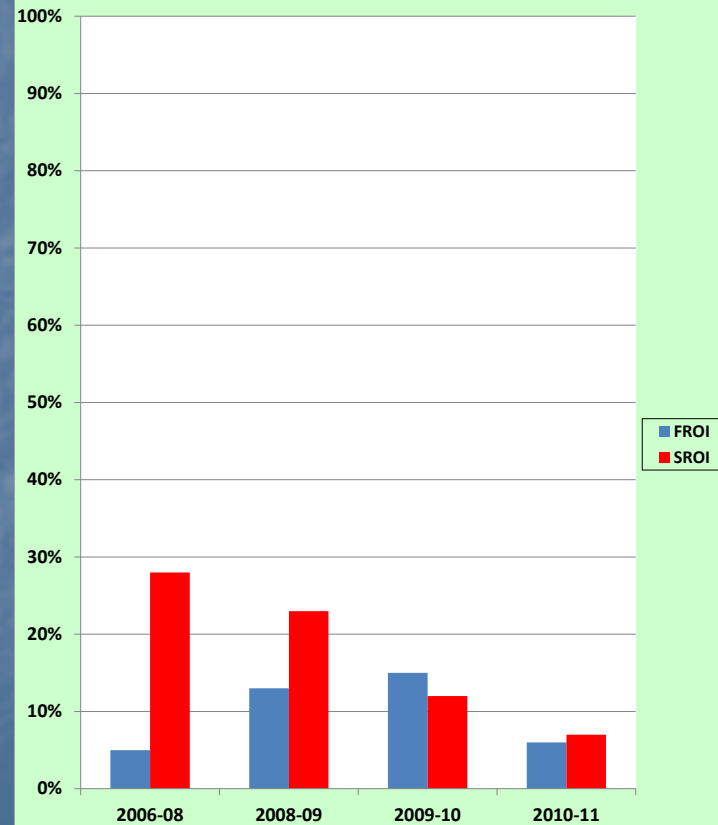
# Data Quality: Acknowledgments

## 2006-08 to 2010-11

TA - Transaction Accepted



TR - Transaction Rejected

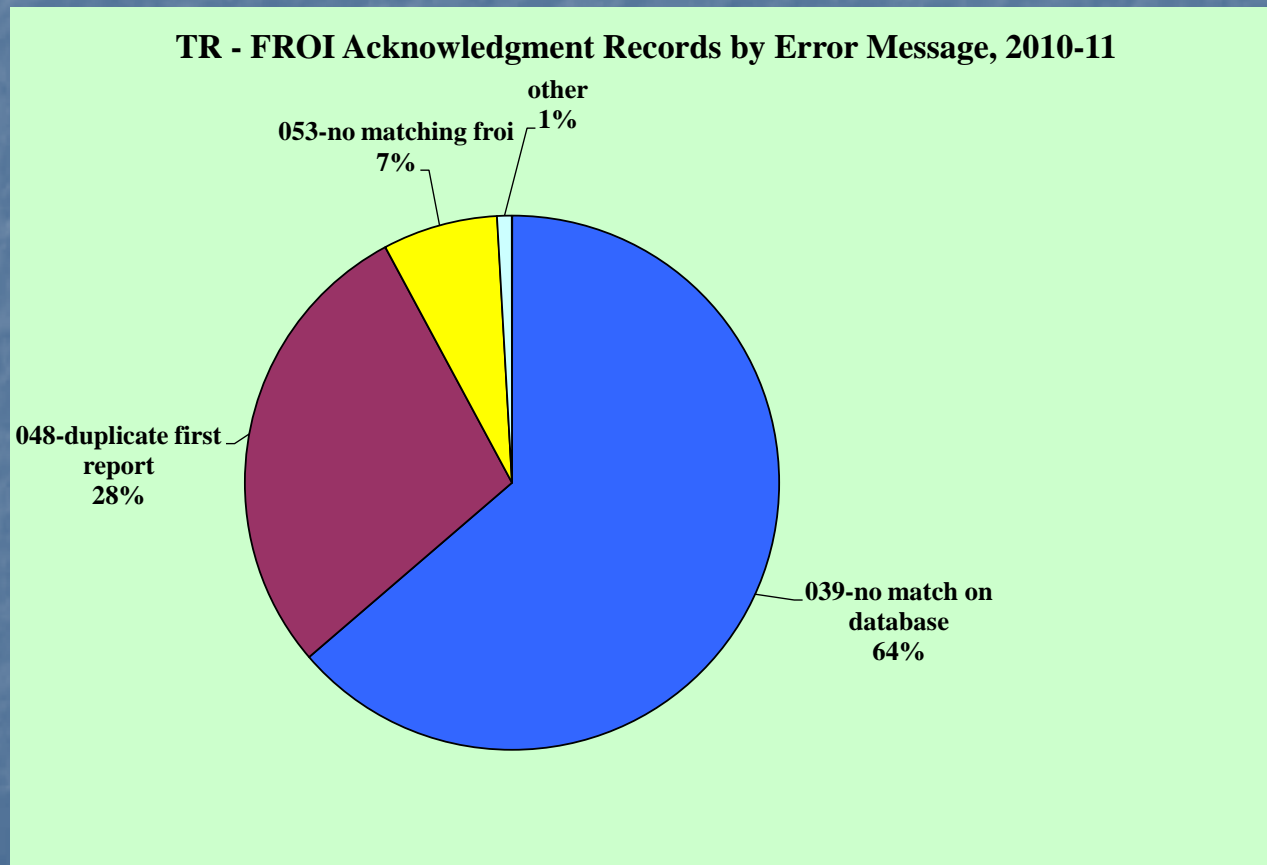


# Acknowledgment Records (millions)

## June 1, 2010 – May 31, 2011

	Accept (TA)	Accept w/ Error (TE)	Reject (TR)	Total
FROI	1.5m	0.3m	0.1m	1.9m
SROI	1.3m	0.1m	0.1m	1.5m
Total	2.8m	0.4m	0.2m	3.4m

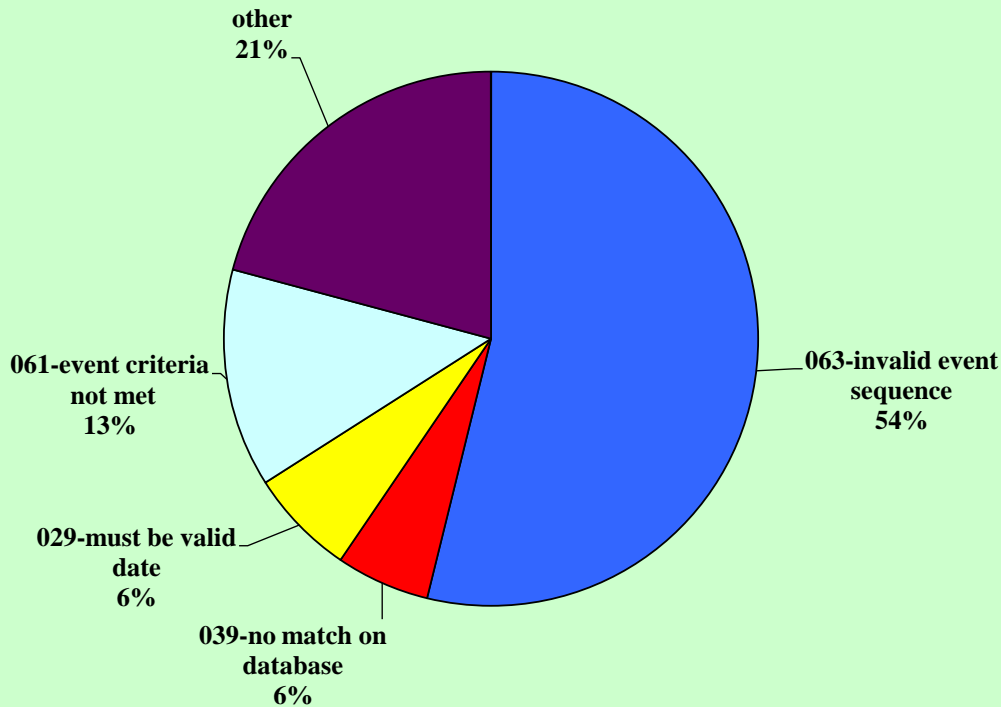
# Trading partners need to keep their Sender ID lists up to date





# SROI Acknowledgment Rejections – by Error Message

TR - SROI Acknowledgment Records by Error Message, 2010-11



# Regulatory Process for Changes to Implementation Guides

- ❑ Nov 2009: DWC posts revised FROI SROI and Medical Implementation Guides for comment
- ❑ Public Hearing 12-15-2009
- ❑ DWC sends final IG documents to OAL Nov 2010
- ❑ Effective date for implementation of changes:  
**NOVEMBER 15, 2011**
- ❑ Trading partners who think that they might not be ready to report under the new guidelines should notify your EDI Contact

# Examples of Proposed Changes to the FROI SROI CA Implementation Guide

- ❑ FROI reporting due date will be within 10 days of claim administrator knowledge of the claim.
- ❑ Trading partners will send all data to an FTP server hosted by the WCIS
- ❑ New data elements to be collected: policy number, policy effective date, policy expiration date.
- ❑ For the Social Security Number, a default value will be accepted if the employee has no SSN or refuses to provide it.



# Examples of Proposed Changes to the FROI SROI CA Implementation Guide

- ❑ The Payment/Adjustment Weeks and Days Paid will be Mandatory Fatal for some SROI MTCs.
- ❑ WCIS data edits relaxed in some cases:
  - ❑ SROI Annual (AN) and Final (FN) Reports.
- ❑ FN can be sent when a claim is closed, even if no benefits have been paid.

# WCIS Reports to Claims Administrators (FROI SROI)

- ❑ In October 2010, data quality reports were sent to individual data senders
- ❑ In November 2010, two sets of reports were sent to claims administrators:
  - ❑ Comparison of WCIS counts with those from the DWC Audit Unit's Annual Report of Inventory (ARI)
  - ❑ Timeliness of Payments Reports



# WCIS-ARI Comparison Reports Sent to Claim Administrators

- Timeline:
- Nov 2010 – more than 400 reports for 2008 and 2009 sent to claims administrators for review
- Feb 2011 – revised reports were sent to claims administrators



# WCIS-ARI Comparison Reports Sent to Claim Administrators

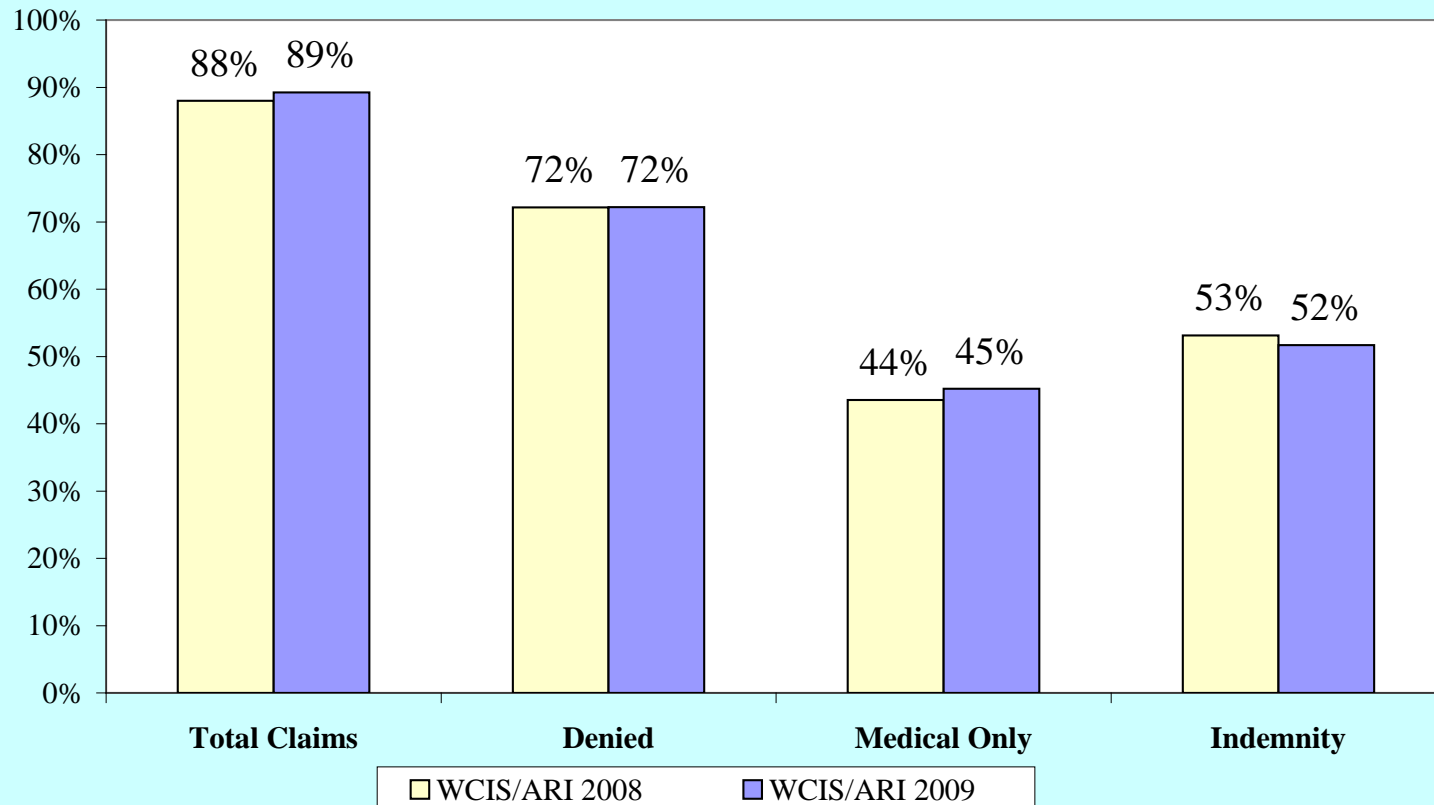
- General Methodology to match WCIS FEINs to Audit Locations:
  - Counts from DWC audit locations for the same company were aggregated
  - WCIS claims by FEIN were aggregated to match the companies audited by DWC
  - A small number of claims were not matched.

# WCIS-ARI Comparison: Future Improvements to the Process

- The DWC Audit Unit:
  - Requests FEINs on the ARI for underwriting companies and their clients at each adjusting location
  - Requests FEINs with notice for audit (when the Claims Handling Profile is completed, upon request, by each audit subject)
  - Posts a fillable ARI reporting form on its webpage
- New WCIS Claim Admin ID List (Nov, 2011)
  - Will include postal code of physical adjusting location for clients of data senders

# For total claims, the estimated undercount for WCIS is 11%-12%

**WCIS Counts as a Percentage of ARI Counts, 2008 and 2009**



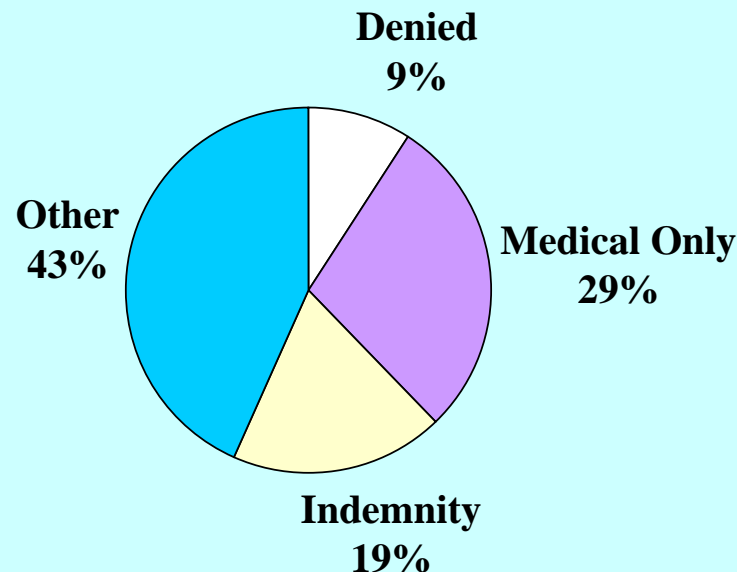


# 2009 WCIS ARI Comparison

(000s of claims)	Audit: ARI	WCIS
Total Claims	639	567
Denied	72	52
Medical Only	359	162
Indemnity	208	108
"Other" (no SROI reported)	0	245

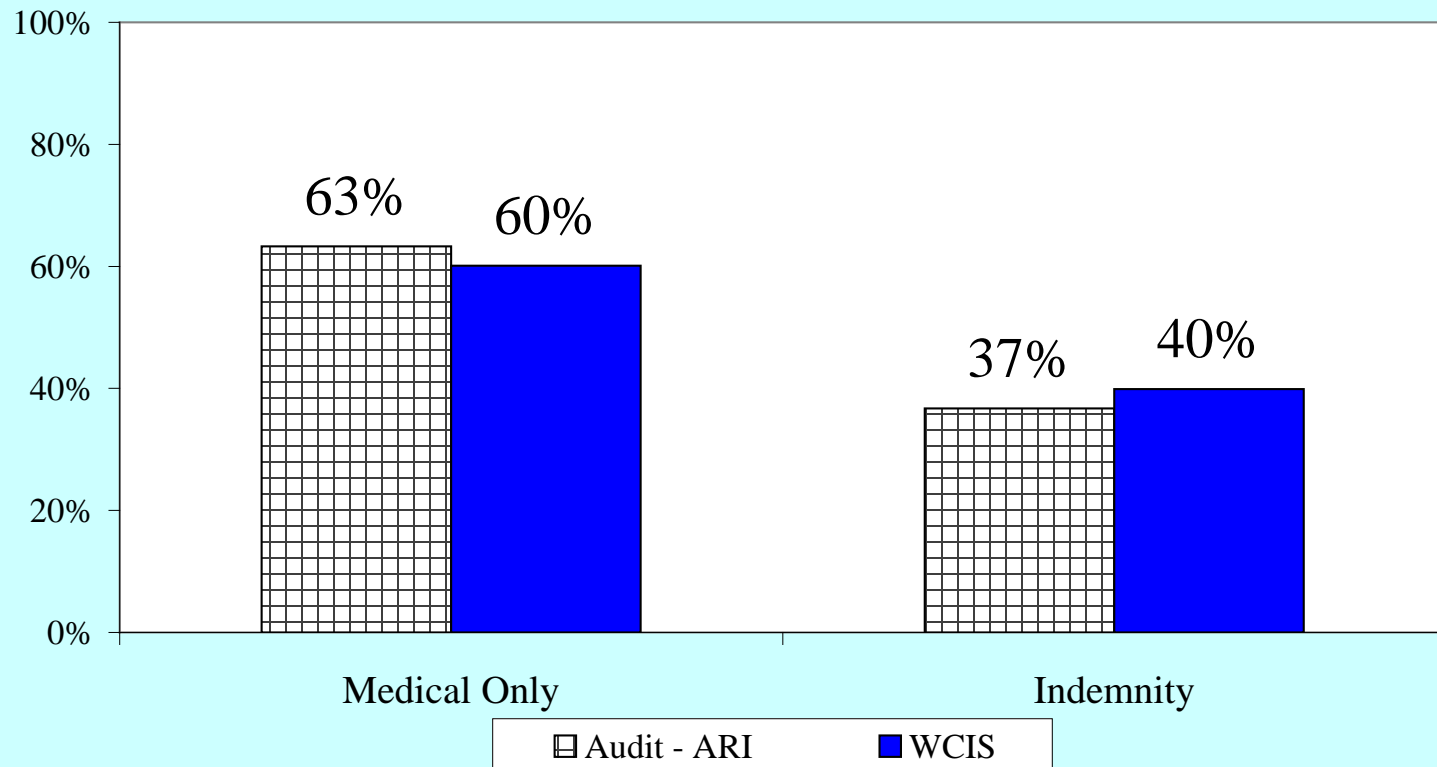
# 43% of 2009 WCIS FROI claims did not have SROI data reported

**2009 WCIS FROI CLAIMS**



# Percentage Med-Only & Indemnity: SROI data reported to WCIS are comparable to ARI data

**2009 Medical Only and Indemnity Claims  
(Omitting Denials and WCIS "Other" Claims)**





# Results of WCIS-ARI Comparison

- ❑ A waiver from the obligation to report an Annual Report of Inventory were granted to two claims administrators.
- ❑ An additional nine excellent reporters received letters with details showing how they might improve and qualify for a waiver.
- ❑ New Trading Partners: About 70 of the 400 Audit Locations that received WCIS-ARI comparison reports had not reported any data to WCIS. Some of these locations have already begun to set up reporting to WCIS.

# Timeliness of Payments Reports

- Timeline:
- In November 2010, timeliness reports were sent for review to claims administrators reporting SROI data to WCIS.
- Revised reports were sent in February 2011.
- DWC plans to post the reports by claim administrator online in 2011.



# Timeliness of Payments Reports

Revised Methodology (Table 15, online):

- ❑ Time elapsed between the date disability began (or date of claim administrator knowledge if DDB NULL) and the date of the first indemnity payment for temporary disability
- ❑ Calculate timeliness for Temporary Disability Payments
- ❑ Late Reason Codes

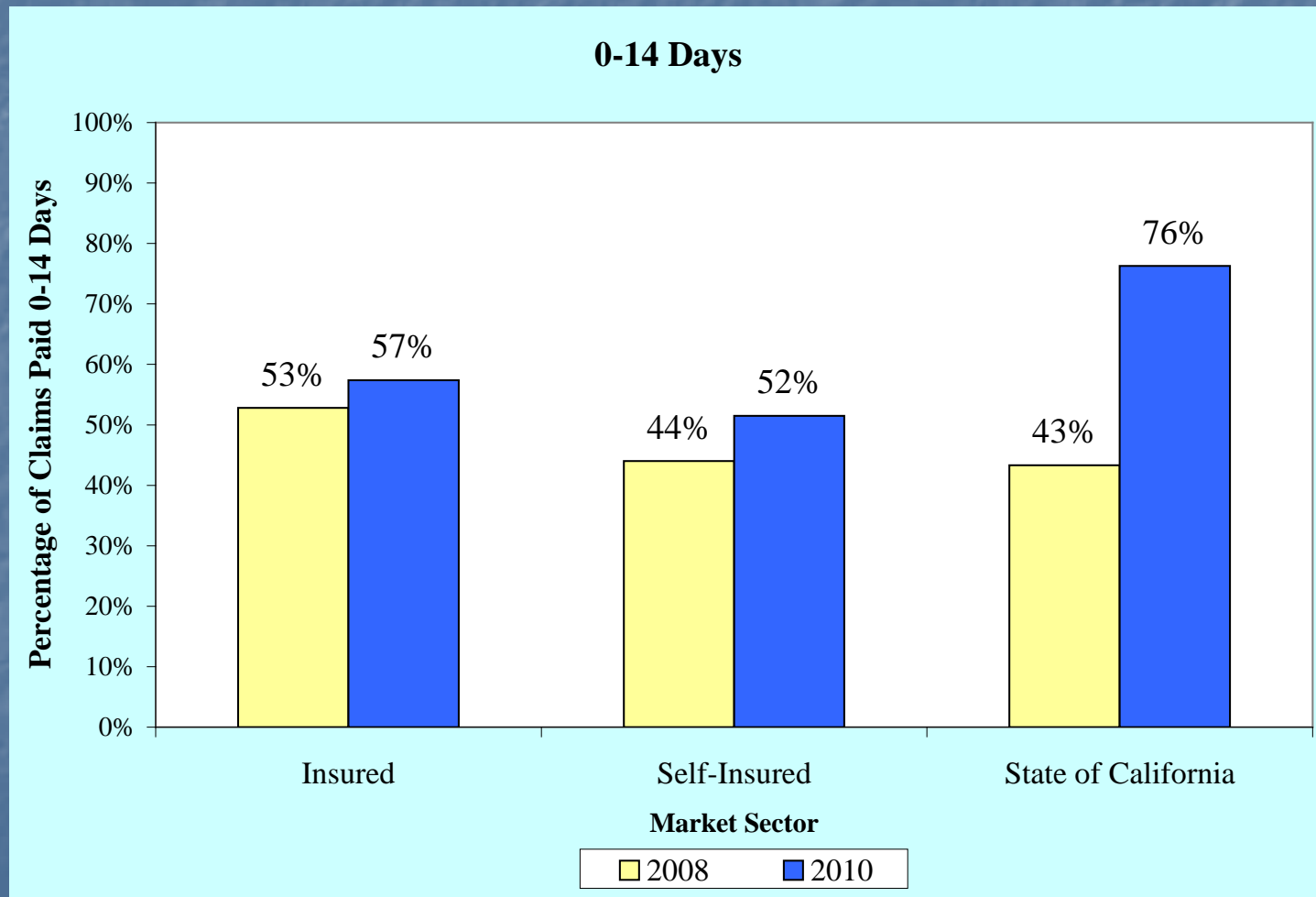


# Improvement in Timeliness of TD Payments: 2008 to 2010

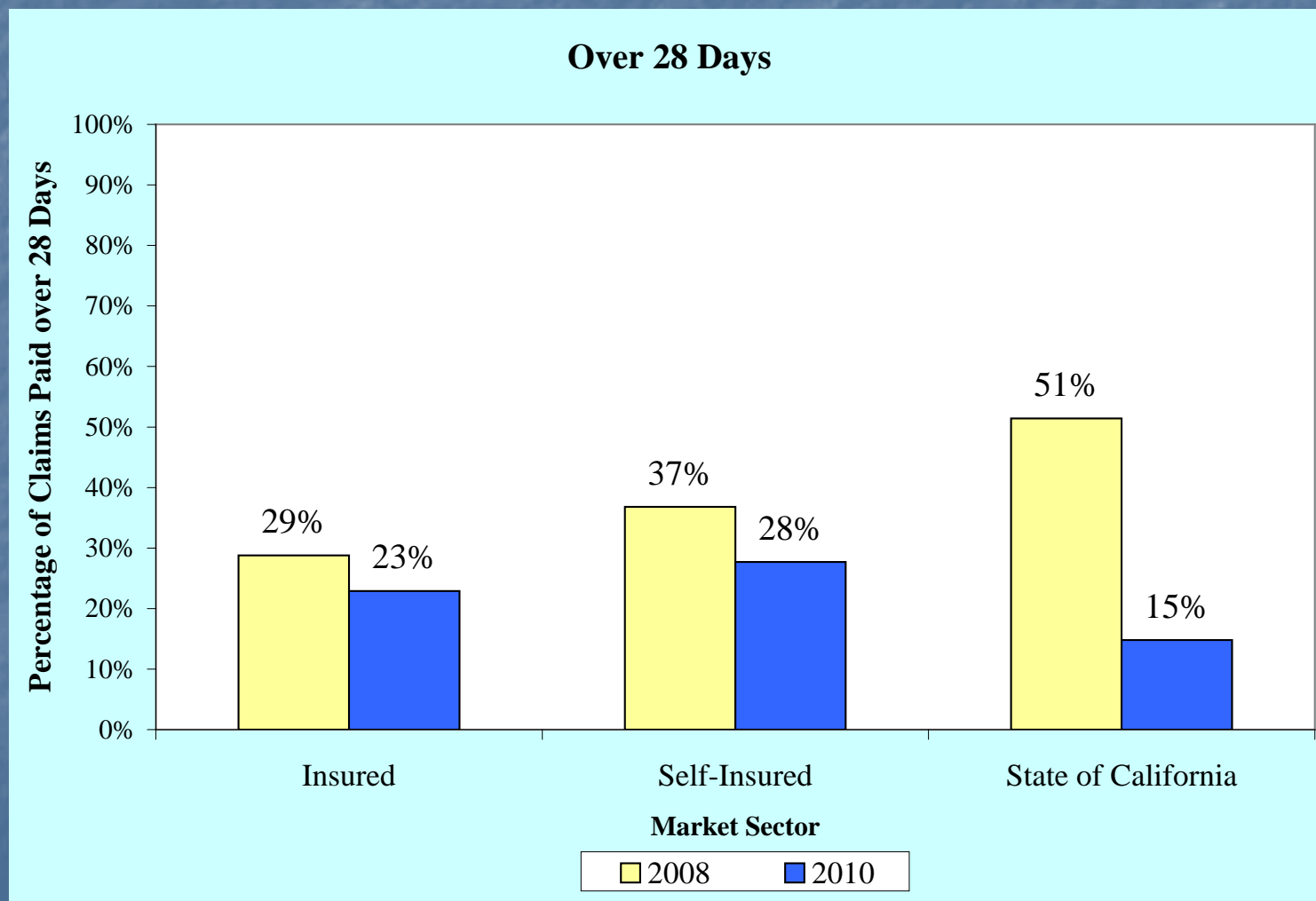
- Time Elapsed Between Date Disability Began (or Date of Claim Administrator Knowledge) and Date of First Indemnity Payment

	Median # Days	Average # Days
2008	14	54
2010	13	31

# Improvement in Timeliness: Increasing Percentage of On-Time TD Payments, 2008-10



# Improvement in Timeliness: Decreasing Percentage of Late TD Payments, 2008-10





# Examples: Uses of WCIS Data

- Using WCIS data, the California DWC is collaborating in a research project with the U.S. Bureau of Labor Statistics, the California Department of Public Health, the State of Washington and the State of Massachusetts
- This project is a BLS-funded study to determine the factors that may account for the differences between reported state workers' compensation claims and the number of Occupational Safety and Health Act (OSHA) reportable injuries and illnesses reported to BLS by employers for the Survey of Occupational Injuries and Illnesses (SOII).
- The multi-source reporting project is part of the modernization of OSHA's Injury and Illness Data Collection Process.  
<http://edocket.access.gpo.gov/2010/pdf/2010-10163.pdf>

# Examples: Uses of WCIS Data

WCIS data extracts were provided to various state agencies:

- ❑ DIR's Division of Labor Statistics and Research, DIR's Division of Occupational Safety and Health, the Department of Public Health (Occupational Health Branch), CHSWC, and the Employment Development Department.

For the California Workers' Compensation Insurance Rating Bureau (WCIRB):

- ❑ WCIS data have been used for claim denial analysis and for monitoring permanent disability settlements since the Almaraz, Ogilvie and Guzman decisions.

Under contact with CHSWC:

- ❑ WCIS data have been provided to a researcher at Boston University to further study injury underreporting.
- ❑ The RAND Center for Health and Safety in the Workplace obtained a WCIS data extract in order to evaluate the effectiveness of California's Injury and Illness Prevention Program and Compliance Officers' Inspections Study.
- ❑ RAND researchers are beginning a new project: Disability Management and Medical Treatment in the CA Workers' Compensation System



# Alternative Dispute Resolution (ADR)/Carve-out Programs

John Gordon

DWC Research Program Specialist



# Alternative Dispute Resolution (ADR)/ Carve-out Programs

- 25 Active ADR/carve-out programs
  - 21 Construction Programs (Labor Code 3201.5)
  - 4 Non-Construction Programs (Labor Code 3201.7)
- 5 Additional Non-Construction programs currently have permission to negotiate

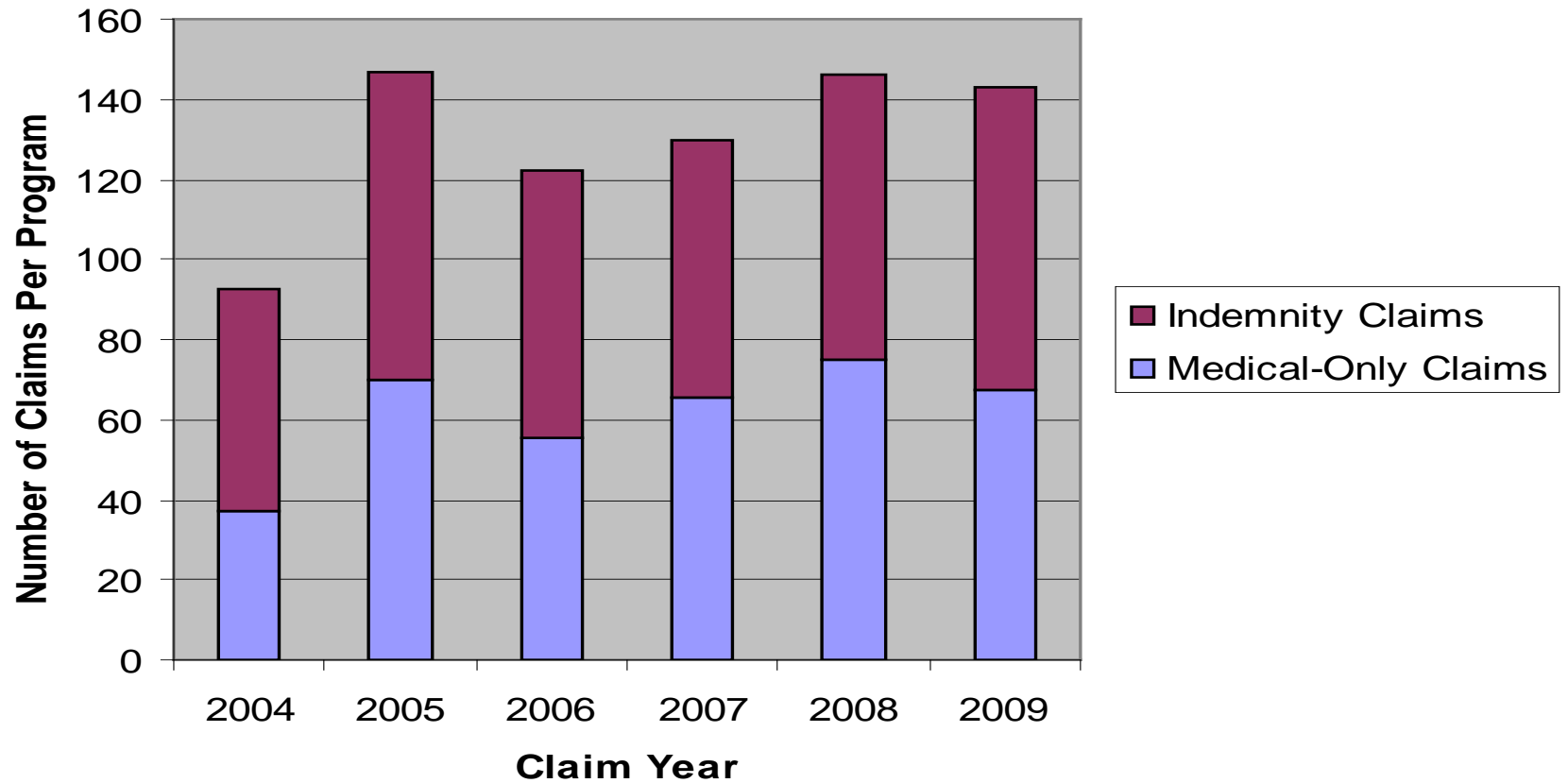
## Alternative Dispute Resolution (ADR)/Carve-out Programs

2009 reported activities for carve-outs included:

- ❑ 23 carve-outs reporting
- ❑ 876 employers
- ❑ \$3.39 billion in payroll
- ❑ 49,618 full-time equivalent (FTE) employees
- ❑ 3,282 claims
  - ❑ 1,554 medical-only claims
  - ❑ 1,728 indemnity claims
- ❑ \$16,339,173 in paid costs
- ❑ \$32,545,150 in incurred costs

# Alternative Dispute Resolution (ADR)/Carve-out Programs

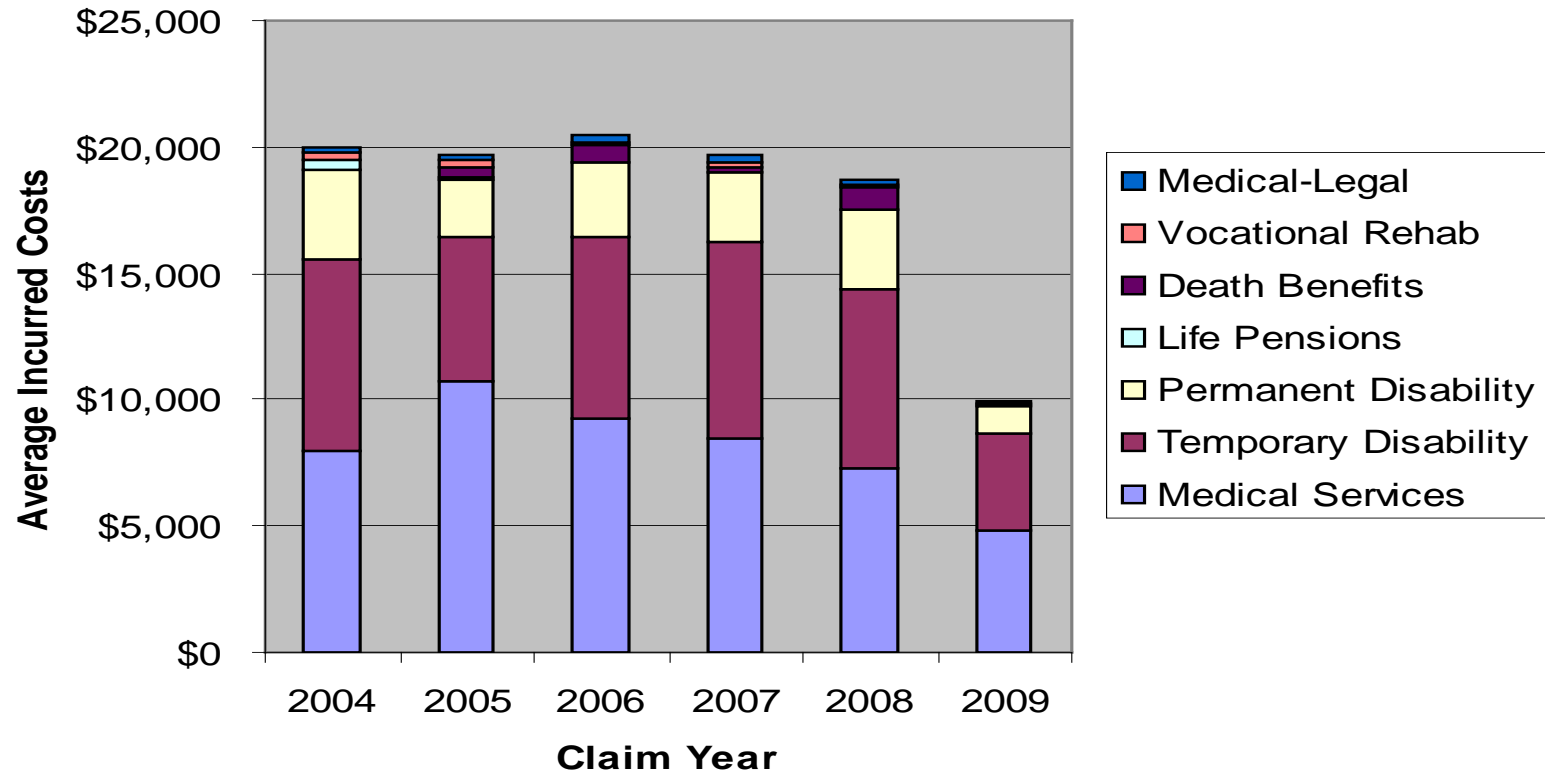
**Number of Claims per Carve-out Program**





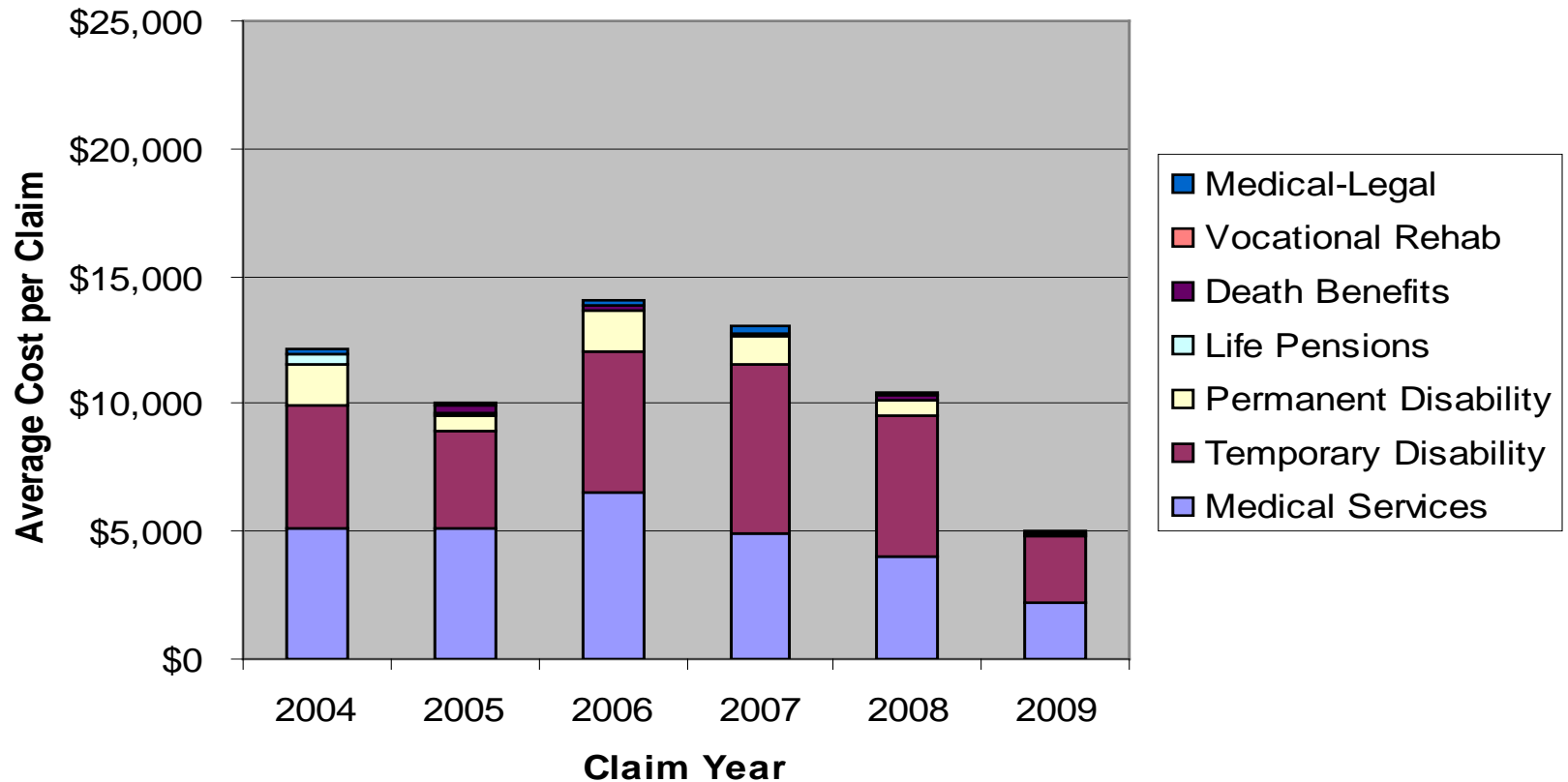
# Alternative Dispute Resolution (ADR)/Carve-out Programs

**Average Incurred Cost per Claim 2004-2009**



# Alternative Dispute Resolution (ADR)/Carve-out Programs

**Average Paid Cost Per Claim 2004-2009**



# WCIS Detailed Medical Billing Data

Martha Jones, DWC Research Manager



# Overview

- ❑ DWC started collecting medical billing data on September 22, 2006.
- ❑ November 15, 2011 – effective date for the California Medical Bill Payment Records Implementation Guide, Version 1.1.

Workers' Compensation Information System (WCIS)

**California EDI Implementation Guide  
for  
Medical Bill Payment Records**

Version 1.1  
November 15, 2011



CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS  
John Duncan, Director

DIVISION OF WORKERS' COMPENSATION  
Carrie Nevans, Acting Administrative Director

<http://www.dir.ca.gov/dwc/WCIS.htm>

# Medical implementation guide version 1.0 to version 1.1 changes by section

- Section A:
  - Deleted Components of the WCIS.
  - Changed the four-step testing procedure to a five-step testing procedure.
- Section B:
  - Minor grammatical corrections
  - EDI Service Provider information was expanded to include information from the deleted Section J.
  - Delete User Groups.



# Medical implementation guide version 1.0 to version 1.1 changes by section

- Section C:
  - Updated references to new Sections (J,K,L,M,N,O,P)
  - Removed references to VAN transmission option
  - Removed references to the optional matching of medical data on paper bills to electronic reports.
- Section D: No Change
- Section E: No Change

# Medical implementation guide version 1.0 to version 1.1 changes by section

## □ Section F:

- FTP as the sole transmission mode.
- Updated date/time transmission sent format to CCYYMMDDHHMM.

## □ Section G:

- Changed the four-step testing procedure to the five-step testing procedure.
- Minor updates and corrections.



# Medical implementation guide version 1.0 to version 1.1 changes by section

- Section H:
  - Added two national provider loops and segments to 837 file structure.
  - Added five new national provider identification data elements.
  - Added the country code
  - Added service quantity amount
- Section I:
  - FTP transmission mode updated.



# Medical implementation guide version 1.0 to version 1.1 changes by section

- Section J:
  - Deleted. Information on EDI service providers
  - Added California-adopted IAIABC data elements
- . Section L:
  - Renamed Section K.
  - Updated the element requirement table
  - Sorted it alphabetically by data element name.

# Medical implementation guide version 1.0 to version 1.1 changes by section

- Section M:
  - Renamed Section L
  - Changed the medical provider entity requirements
  - Deleted the California specific edits.
- Section N:
  - Renamed Section M.
  - Clarified the batch rejection rules.
- Section O:
  - Lump sum bundled lien bill payment

# Medical implementation guide version 1.0 to version 1.1 changes by section

- Section P:
  - Renamed Section N.
  - Deleted IAIABC code lists.
  - Added web links for code lists
- Section Q:
  - Deleted the Medical EDI glossary and acronyms
- Section R:
  - Deleted the Standard Medical Forms.



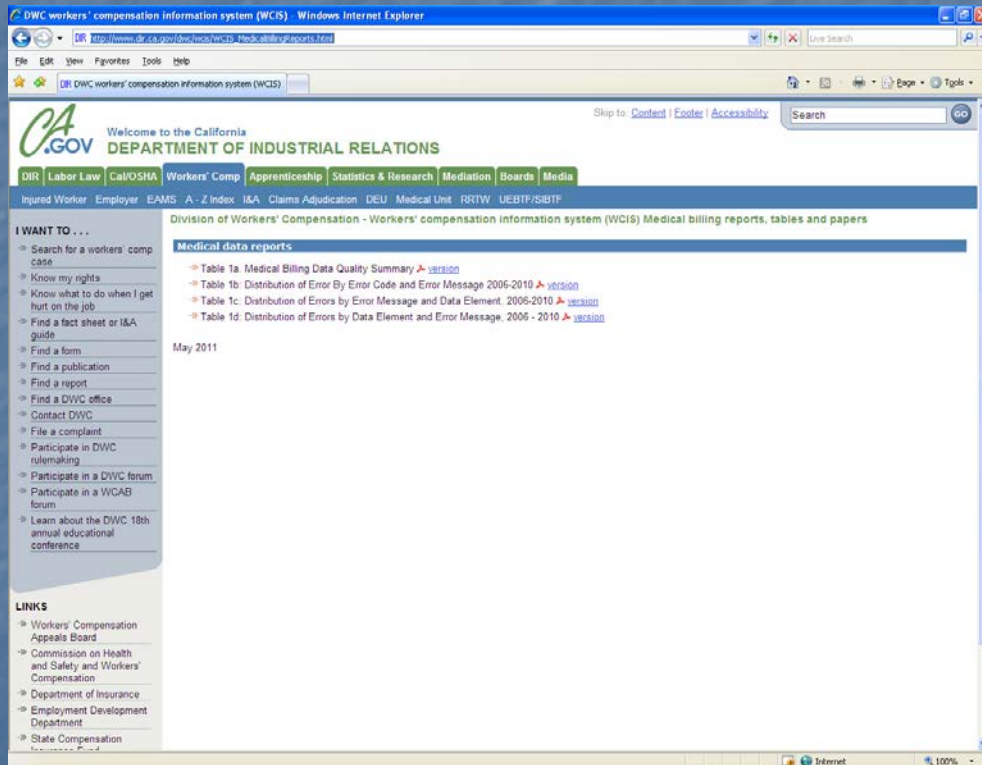
# Medical Billing Data Quality Reports 2006-2010

- Medical billing data quality reports were sent to 50 data senders in June 2011.
  - Table 1a. Medical Billing Data Quality Summary
  - Table 1b: Distribution of Error By Error Code and Error Message
  - Table 1c: Distribution of Errors by Error Message and Data Element
  - Table 1d: Distribution of Errors by Data Element and Error Message

# Medical Billing Data Quality Reports

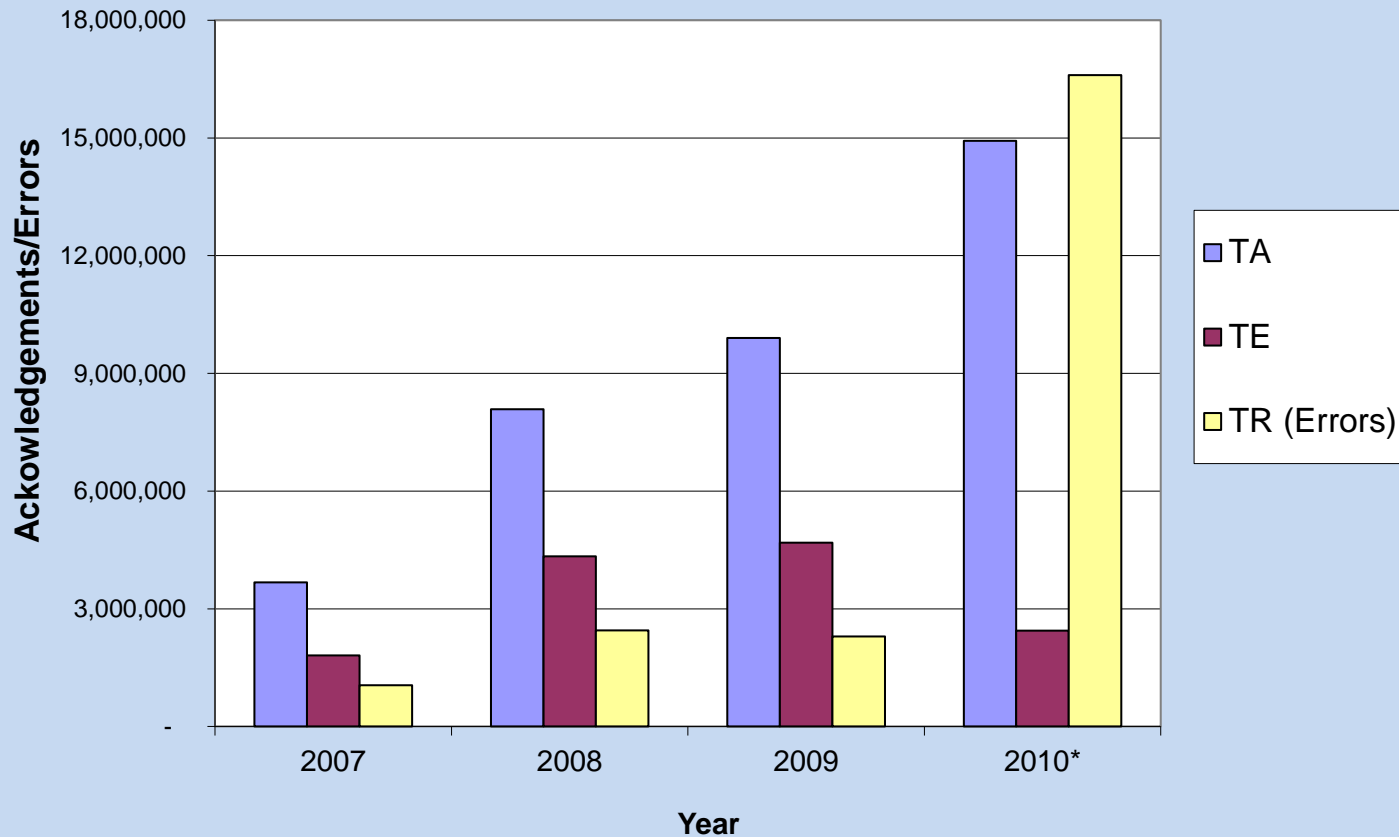
Statewide report posted online at:

[http://www.dir.ca.gov/dwc/wcis/WCIS\\_MedicalBillingReports.html](http://www.dir.ca.gov/dwc/wcis/WCIS_MedicalBillingReports.html)



# Medical Billing Data Quality Reports

Medical Billing Data Quality Report:  
TA, TE Acknowledgments and TR Errors





# WCIS 5010 Standard Development Timeline

DWC currently plans to have the WCIS ready to accept the ANSI 5010 format and ICD-10 codes by October 18, 2012, the date that DWC e-billing regulations become effective.

# **WCIS Timeline: CA Medical Implementation Guide, version 1.1 to version 2.0**

11-15-2011 – CA Medical Guide, version 1.1 effective; this CA guide adopts the IAIABC Medical Guide, version 1.1 (July 2009)

Fall 2011(?), IAIABC publishes Medical Guide, version 2.0

DWC starts the regulatory process for CA Medical Guide, version 2.0

10-18-2012, DWC e-billing effective; WCIS plans to be ready to accept 5010 format and ICD-10 codes (in addition to 4010 and ICD-9)

Future date: CA medical Guide, version 2.0 effective



# WCIS Trading Partner Liaisons

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Trading Partner Letters B, D-F, N, O, W-Y

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Trading Partner Letters C, G, H, M, P-R

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Trading Partner Letters A, I-L, S-V, Z

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Medical Reports Technical Contact



# Questions?

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